



**State Treasurer
Phil Angelides**



**State Superintendent of
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Jack O'Connell**

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**CALSTRS BOARD APPROVES ANGELIDES, O'CONNELL PROPOSAL TO OPPOSE
NEW PENSION PRIVATIZATION LEGISLATION**
CalSTRS Board Votes 6 – 5 to Oppose ACA 23

SACRAMENTO, CA – California State Treasurer Phil Angelides and State Superintendent of Public Instruction Jack O'Connell praised the California State Teachers' Retirement System (CalSTRS) Board's decision to formally oppose Assembly Constitutional Amendment 23, a renewed effort by Assemblymember Keith Richman to privatize retirement pensions for teachers and other public servants. The CalSTRS Board approved Angelides and O'Connell's proposal to oppose ACA 23 with six aye votes. Five members abstained, effectively voting no on the proposal, as motions before CalSTRS require approval by a majority of members present and voting.

"Today, the CalSTRS Board stood up for teachers and students and rejected a misguided pension privatization plan," said Angelides. "CalSTRS was right to oppose ACA 23, which will make it even harder to recruit and retain the 100,000 new teachers California will need in the next decade."

"The STRS board did the right thing to reject this proposal," O'Connell said. "Assaulting teachers' pensions sends the wrong message at the wrong time. We need to do more to attract the best and brightest to the teaching profession. The need for great teachers is especially acute in fields like math and science, where private sector salaries far outstrip what classroom teachers earn. ACA 23 would hurt California's ability to meet the massive need for talented new teachers over the next decade."

Authored by Assemblyman Keith Richman, ACA 23 would eliminate incentives for young people to become teachers by instituting a privatization plan similar to President Bush's Social Security privatization scheme. The proposal would:

- Require teachers hired after July 1, 2007 to enroll in either:
 - A defined contribution plan that provides no guaranteed benefits and risks retirement savings on Wall Street; or
 - A "hybrid" plan that would significantly reduce guaranteed benefits for future teachers.
- Sharply reduce employer contributions to teachers' retirement savings.

Under ACA 23, a teacher participating in the hybrid plan who begins teaching at age 25 and retires after teaching for 35 years would receive no guaranteed retirement benefits until he or she turns 65 – five years after their



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retirement. Additionally, a teacher enrolled in the “hybrid” plan that begins teaching at age 30 and teaches for 35 years would see his or her guaranteed retirement benefits slashed by more than \$16,000 a year when compared to recent retirees. Today the average teacher retires at age 61 with 27 years of service and receives a retirement allowance of \$3,606 per month. CalSTRS members do not participate in the Social Security system.

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